

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0432P

**Gross Income Tax
Calendar Years 1997 and 1998**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer, incorporated in Kentucky was audited for calendar years 1995 through 1998. Upon audit it was discovered that the taxpayer failed to report all of its gross income for calendar years 1997 and 1998.

Taxpayer requests that the department waive the negligence penalty.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty because it failed to report all of its gross income for calendar years 1997 and 1998. Taxpayer maintains a sales office in Indiana.

Taxpayer, in a letters dated November 1, 2000 and November 27, 2000 states that the penalty for gross income tax is not equitable and that the major portion of the penalty stems from it erroneously omitting the gross income tax altogether in 1998.

Taxpayer maintained a sales office in Indiana during the audit period and reported gross income in

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previous years; i.e. for calendar years 1995 and 1996 but failed to report a portion in 1997 and more than ninety-five percent (95%) in 1998. Taxpayer utilizes a Certified Public Accountant and “erroneously overlooking” the gross income tax is not reasonable cause.

FINDING

Taxpayer’s protest is denied.

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